

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
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P R 141434Z SEP 78
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC PRIORITY 7145
INFO EC COLLECTIVE
USMISSION GENEVA

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PASS AGRICULTURE ELECTRONICALLY FOR OYLOE, FAS

BRUSSELS ALSO FOR USEEC; GENEVA ALSO FOR USMTN

E.O.: 11652: N/A
TAGS: ETRD, EEC, DA
SUBJ: WAIVER OF US COUNTER VAILING DUTIES

REFS: (A) COPENHAGEN 5894, (B) COPENHAGEN 5931, (C) STATE
221830

1. AS REPORTED REFTEL (A), DANISH GOVERNMENT AND AGRICULTURAL SECTOR WERE ADVISED OF PROSPECTS FOR EXTENSION OF TRADE ACT AUTHORITY TO WAIVE IMPOSITION OF COUNTERVAILING DUTIES PER REFTEL (C). ALTHOUGH DANES HAVE BEEN REPEATEDLY INFORMED VERBALLY AND IN WRITING SINCE COUNTERVAILING DUTY WAIVERS WERE NEGOTIATED IN 1975 THAT THE US WAIVER AUTHORITY WOULD EXPIRE ON JANUARY 3, 1979, THIS LAST REMINDER HAS MADE A NOTICEABLE IMPACT. THEIR REACTION WAS, AND TO A LARGE EXTENT STILL IS, DISBELIEF THAT THE UNITED STATES WILL ACTUALLY BEGIN COUNTER-
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VAILING REMAINING SUBSIDIES ON HAM, CHEESE AND BUTTER COOKIES ON JANUARY 4. THE DANES ARE NOW, HOWEVER, SERIOUSLY CONCERNED THAT THIS MIGHT HAPPEN AND ARE VIGOROUSLY EXPLORING POSSIBLE COURSES OF ACTION IN COPENHAGEN, IN BRUSSELS AND, THROUGH THEIR EMBASSY, IN WASHINGTON.

2. THE MAGNITUDE OF DANISH CONCERN IS ILLUSTRATED BY THE VALUE

OF THE EXPORTS TO THE UNITED STATES THAT WOULD BE AFFECTED. IN 1977 DANISH EXPORTS TO THE UNITED STATES, ALREADY LIMITED BY REDUCED SUBSIDIES UNDER THE COUNTERVAILING DUTY WAIVER AGREEMENTS, OF CANNED HAMS AND SHOULDERS WERE DLS 135 MILLION, CHEESE DLS 27 MILLION AND BUTTER COOKIES DLS 6 MILLION. TOGETHER THESE PRODUCTS ACCOUNT FOR 30 PERCENT OF ALL DANISH EXPORTS TO THE UNITED STATES AND ABOUT 5 PERCENT OF DENMARK'S TOTAL AGRICULTURAL EXPORTS. FOR THE CANNED HAMS, OF WHICH ABOUT 70 PERCENT OF DENMARK'S TOTAL PRODUCTION IS MARKETING IN THE UNITED STATES, THE IMPACT OF COUNTERVAILING DUTIES WOULD BE PARTICULARLY SEVERE.

3. ALTHOUGH THE DANES INDICATED THAT THEY WOULD SOON MAKE REPRESENTATIONS TO THIS EMBASSY REGARDING THEIR CONCERN, EXCEPT FOR COMMENTS BY MFA PERMANENT UNDERSECRETARY (REFTEL (B)) THEY HAVE NOT TO DATE. REPRESENTATIVES OF THE AGRICULTURAL COUNCIL (THE INFLUENTIAL PRIVATE FARM ORGANIZATION REPRESENTING THE PORK AND DAIRY INDUSTRIES AS WELL AS OTHER AGRICULTURAL SECTORS) FLEW TO BRUSSELS LATE LAST WEEK TO DISCUSS THE ISSUE WITH COPA AND, TOGETHER WITH A COPA DELEGATION, WITH COMMISSIONER GUNDELACH. UPON THEIR RETURN THEY INFORMED EMBASSY OFFICERS THAT GUNDELACH'S REACTION WAS THAT HE WOULD NOT NEGOTIATE ON THE SUBSIDY/CVD ISSUE IN THE MTN UNDER SUCH A THREAT FROM THE UNITED STATES.

4. THOUGHTS DANES HAVE TENTATIVELY VOICED TO EMBASSY OFFICERS LIMITED OFFICIAL USE

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HAVE INCLUDED:

(A) WOULD IT BE POSSIBLE FOR COUNTERVAILING DUTIES COLLECTED AFTER JANUARY 4 TO BE HELD IN AN ACCOUNT WHICH COULD BE RETURNED TO THE EXPORTERS ONCE THE MTN PACKAGE WAS CONCLUDED AND APPROVED BY CONGRESS?

(B) IF RESTITUTIONS WERE REDUCED TO ZERO ON JANUARY 3, IT IS ASSUMED NO COUNTERVAILING DUTIES WOULD BE COLLECTED.

(C) IT MIGHT BE POSSIBLE FOR THE EC TO INDIRECTLY ASSIST THE AFFECTED INDUSTRIES IN A WAY THAT WOULD NOT BE IDENTIFIED AS EXPORT SUBSIDIES.

(D) THE DANISH PORK INDUSTRY MIGHT BE ABLE TO INCREASE ITS INTERNAL ASSISTANCE TO CANNED HAM EXPORTS DURING THE PERIOD AFTER JANUARY 4 UNTIL CONGRESS APPROVES AN MTN PACKAGE.

(E) IF DENMARK COULD GET THE EC TO YIELD ON SOME OF THE "STRAUSS PRODUCTS", THE US WOULD FIND A WAY TO AVOID IMPOSING THE CVD ON JANUARY 4.

5. WE UNDERSTAND THAT MFA YESTERDAY REQUESTED FROM THE DANISH EMBASSY IN WASHINGTON IS APPRAISAL OF THE PROSPECTS FOR EXTENSION OF THE CVD WAIVER AUTHORITY AND THE RAPIDITY WITH WHICH AN MTN PACKAGE WOULD BE PRESENTED TO CONGRESS AND APPROVED BY IT. ALSO THE NEW DANISH MINISTER OF FOREIGN AFFAIRS

FAIRS, HENNING CHRISTOPHERSEN, PLANS TO TAKE THE MATTER UP WITH
GUNDELACH AND OTHER FOREIGN AFFAIRS MINISTERS THIS WEEK DURING
THE EC COUNCIL MEETING IN BONN. MANSHEL

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